



# Transaction Privilege Tax Changes and News

This publication is an informational notice included with the May 2006 Transaction Privilege Tax Return.

## **TOWN OF CLIFTON**

**Effective July 1, 2006:** On April 13th, 2006 the Mayor and Town Council of the Town of Clifton passed ordinance number 01-2006. Ordinance 01-2006 adopted Local Option V which modifies Section 9A-460-Retail Sales, of the Town Tax Code. Option V, imposes a two-tier tax on retail sales for single items that exceed \$9,999.

If a **single item** is sold at a cost that exceeds **\$9,999**, the first \$9,999 is taxed at **3%** using **CF000**; however the portion that exceeds \$9,999 shall be taxed at **2%** using **CF004**.

## **911 WIRELESS AND WIRELINE RATE REDUCTION**

**Effective July 1, 2006:** The Arizona State Legislature approved a decrease to the 911 Wireless Telecommunications tax (class 036) and the 911 Wireline Telecommunications tax (class 131) pursuant to A.R.S. §42-5252. The new monthly rate will be 28¢ per activated wireless and wireline service. For more information, check our web site ([www.azdor.gov](http://www.azdor.gov)).

## **SANTA CRUZ COUNTY JAIL TAX**

**Effective July, 1, 2006:** On November 8, 2005 voters approved the levy of a Santa Cruz County Jail Tax. The Jail Tax is to be applied at 10% of the Transaction Privilege Tax rate levied by the State of Arizona, (0.5% or .005 for most business classifications), as stated in A.R.S. §48-4022. The total combined rate for most transactions will be 6.6%.

[For prime contractors reporting under Class 15 *only*, prime contracting contracts entered into prior to the November 8 election may not be subject to the increase in the tax rate under specific conditions approved by the department. For more information, contact the department's Taxpayer Information & Assistance Section at (602) 255-2060 or (800) 843-7196, or check our web site ([www.azdor.gov](http://www.azdor.gov))]

## **REVISED DESCRIPTIONS OF SOME "DEDUCTION TYPE CODES"** **USED IN SCHEDULE A OF FORM TPT-1**

The department has revised some of the descriptions for deduction codes that are used in completing Schedule A on Form TPT-1. (This schedule requires an itemized breakdown of the deduction amounts that are taken on the first page of Form TPT-1 in Column E.) No new deduction codes have been added by this revision.

The revised descriptions are provided in an attempt to avoid misinterpretations of allowable statutory deductions. Due to space limitations, it is not possible to provide the actual text of the statutory subsections that authorize deductions. Therefore, paraphrased descriptions are used for each deduction code. However, as stated on this page of the TPT-1 Return:

The descriptions of these codes are derived from Title 42 of the Arizona Revised Statutes. Many of the descriptions are abbreviated from the statutory text, or one deduction type code may apply to more than one statutory exemption. The actual text of the statutory deduction, exemption, or exclusion is controlling.

Taxpayers are responsible to review the actual statutory text of the deduction for applicability.

The revised deduction code descriptions have been placed in the Form TPT-1 that is available on the department's website ([www.azdor.gov](http://www.azdor.gov)), and will be reflected in future printings of Form TPT-1.

## **AVOID DELAYS IN THE PROCESSING OF YOU BUSINESS TAX RETURN OR PAYMENT BY FOLLOWING THESE SIMPLE STEPS**

1. Never submit a payment or return without an identifier (TPT license number or federal EIN for employer withholding) or registering with the state. That way, you avoid unnecessary letters from the agency and the risk of not being credited for a payment or return.
2. Although Arizona uses the EIN as the identifier for withholding accounts, employers must register with the Arizona Department of Revenue for employer withholding. To apply on-line for an EIN, go to IRS.gov. Then go to AZTaxes.gov to register with Arizona. If rushed for time, feel free to submit the signature document (the final step in licensing online) or paper application by mail with your return.
3. EINs are required for all employers for employer withholding. In addition, all businesses, other than a sole proprietor, must obtain a federal EIN prior to registering with the state.
4. The easiest way to file and pay is by using AZTaxes.gov. Go to the website and enroll to use the site, and then submit your signature document. After completing the enrollment, you have online access to all account information, in addition to e-filing on AZTaxes!
5. For Transaction Privilege and Use tax, avoid the most common mistakes – using the wrong form or entering the wrong period (month or quarter),
  - Check to make sure the form you are submitting is a *current* DOR form (*Current forms are always available on azdor.gov*).
  - Verify the Period Beginning and Period Ending dates are correct.
  - Verify the State License Number is correct.
  - Verify the amounts you entered are for the correct period to cover the reporting period.
  - Check your math.
  - Make sure to use the correct mailing address for submitting your return or payment.
6. Withholding tax guidelines are the same as TPT. Avoid the most common mistakes, which also include entering the wrong quarter or year on returns or payments and neglecting to provide the federal EIN:
  - Verify the Quarter and Year is correct.
  - Make sure that the amounts you are reporting are for the correct period.
  - Always use your federal EIN and check to make sure it is accurate on the form.



### **Small Business Owners Get “Connected”**

***File Your Taxes  
Pay Your Taxes  
Manage Your Account***

**[www.aztaxes.gov](http://www.aztaxes.gov)**